

 **NIHON NOHYAKU CO., LTD.**

**FYE March 2022**

# **Earnings Conference**

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**May 25, 2022**





# Earnings Conference: Contents

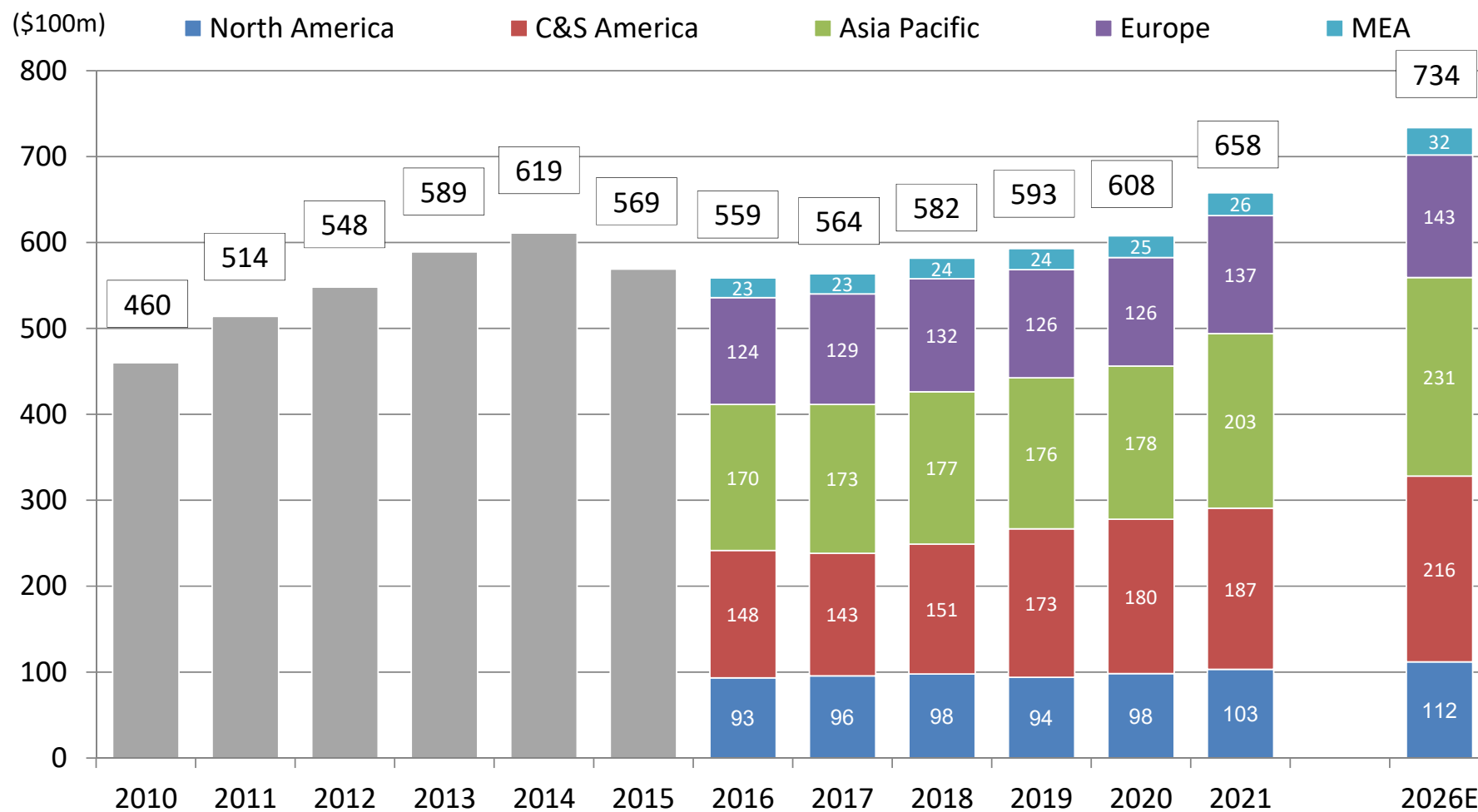
- I. Global Agrochemical Markets**
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- IV. Status of Mid-term Management Plan Initiatives**
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# **I. Global Agrochemical Markets**

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# Global Agrochemical Markets



Source) Agbio Investor

# Global Agrochemical Markets

## **North America**

The agrochemical market stayed firm thanks to favorable weather

## **Latin America**

In Brazil, the world's largest market, demand grew thanks to increased crop land for soybeans and corn

## **Europe**

Overall, the market shifted towards increased sales on the reduction of inventories in the past fiscal year

## **Asia**

Demand increased in the Southeast Asia region where they saw climate recovery

## **Japan**

Largely unchanged due to impact of reduction in distribution inventory

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## **II. FYE March 2022 Earnings**

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# FYE March 2022 Earnings

(¥100m/ %)

	FYE Mar 2022	FYE Mar 2021	YoY	Growth %
Net Sales	819	715	103	14.5
Domestic Agrochemical Sales	198	196	2	1.2
Overseas Agrochemical Sales	550	433	117	26.9
Other agrochemicals	20	25	-5	-20.4
Chemical Products excluding agrochemicals	34	42	-8	-19.0
Other	16	18	-2	-11.6
Cost of Sales	561	473	88	18.7
Gross Profit	257	242	15	6.4
SG&A	191	172	18	10.9
Operating Income	66	69	-3	-4.9
Ordinary Income	57	57	0	0.8
Profit Attributable to Owners of Parent	45	43	1	3.6



## FYE March 2021 Earnings

**Net sales                      ¥71.5 bn → ¥81.9 bn (+¥10.3 bn)**

**Operating income        ¥6.9 bn → ¥6.6 bn (-¥0.3 bn)**

**Expansion of overseas business                      +¥2.7 bn**

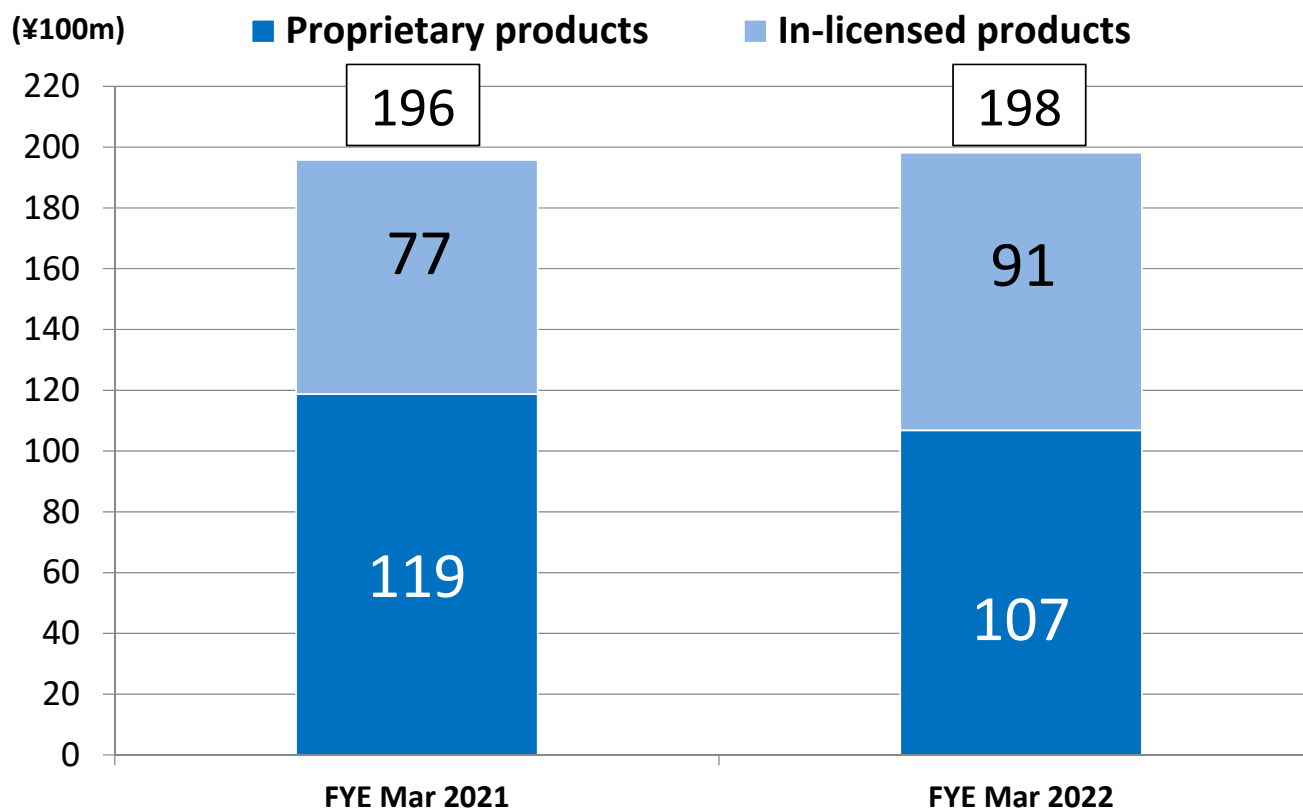
**SG&A expenses increase    -¥1.9 bn**

**Decrease in pharmaceutical business income        -¥0.6 bn**

**Decrease in know-how technical fees    -¥0.5 bn**

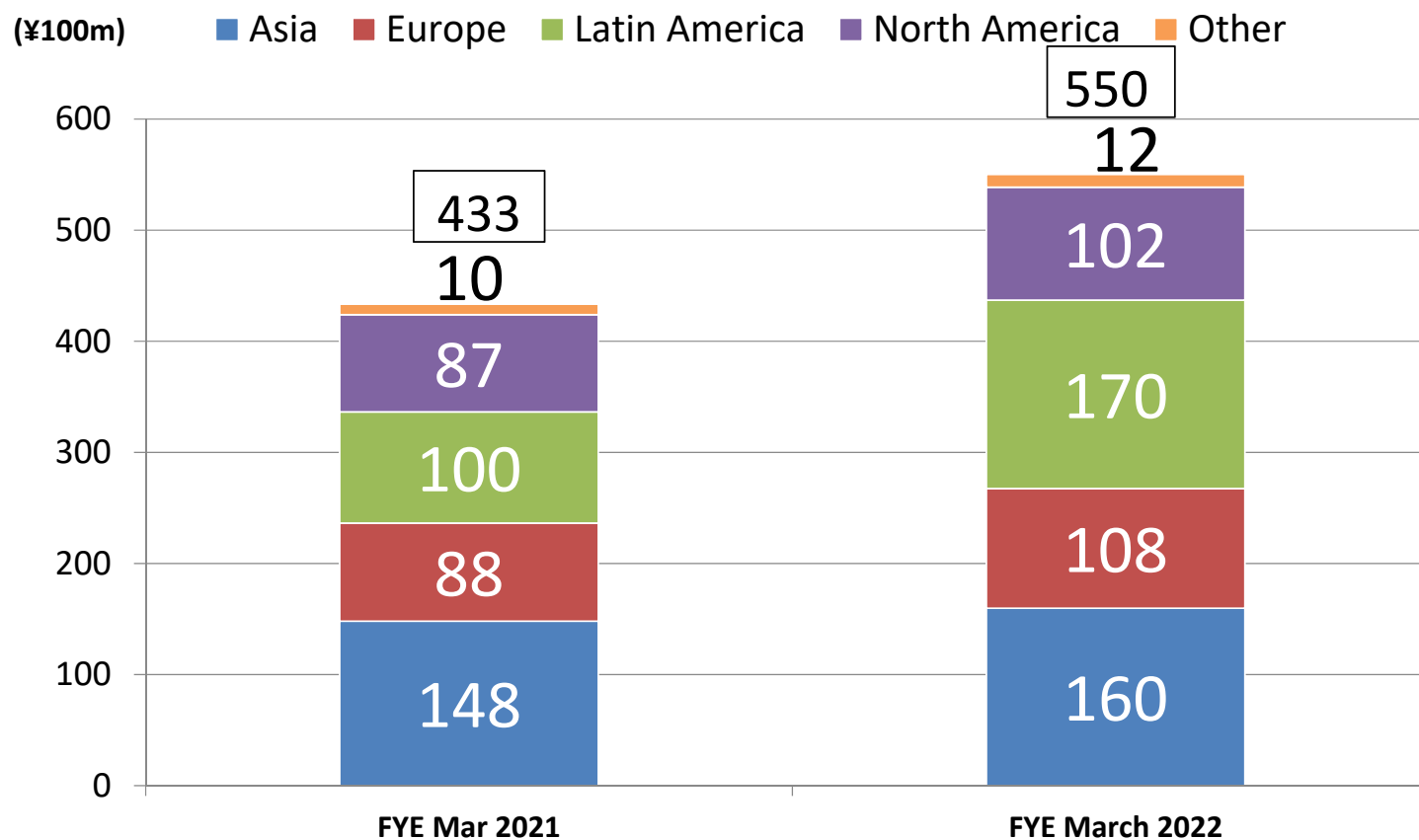
# Agrochemicals (Domestic) - Composition of Net Sales

## Increase in revenues on the launch of Corteva product sales



# Agrochemicals (Overseas) - Net Sales by Region

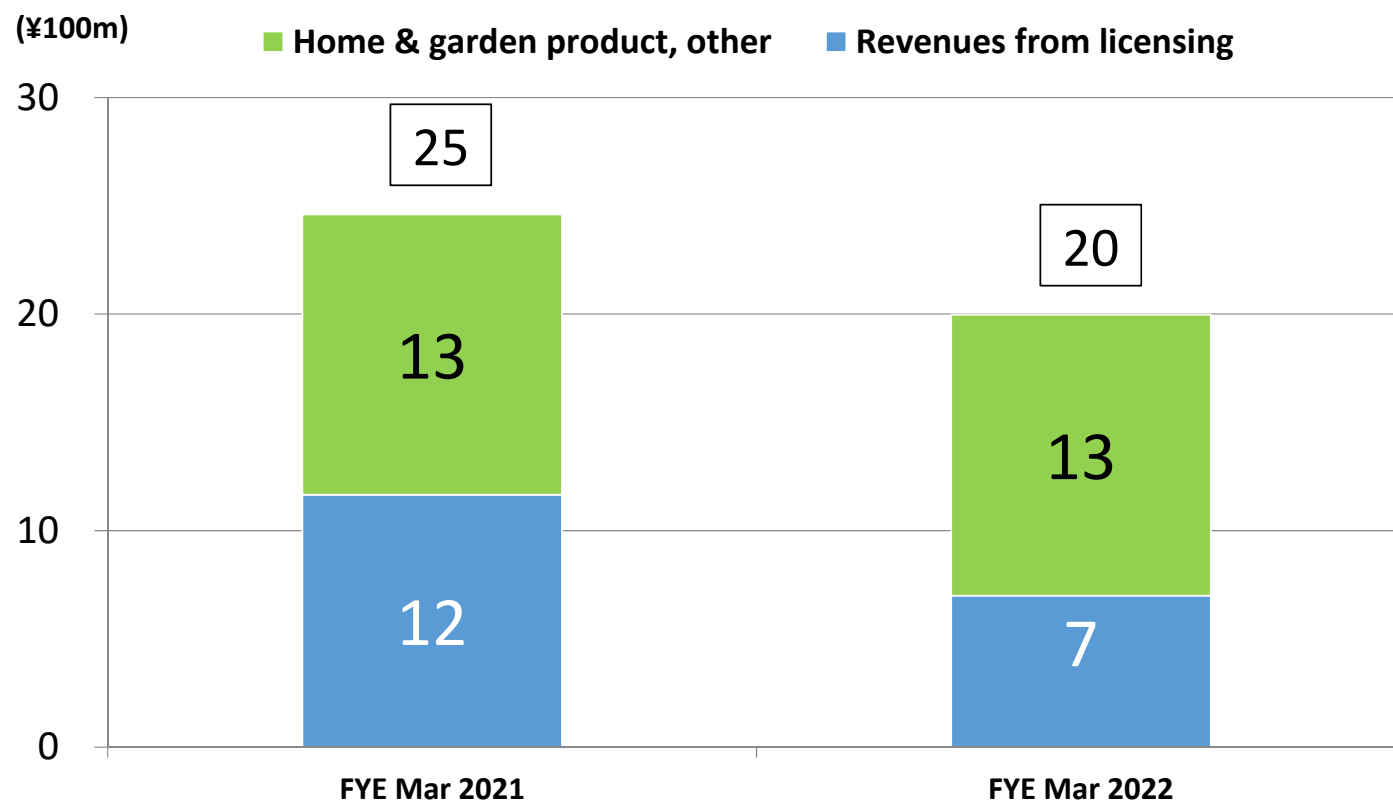
## Sales growth in Latin America and other regions



Actual foreign currency rates: 110.72 yen/dollar  
130.27 yen/euro

## Agrochemicals (Others)

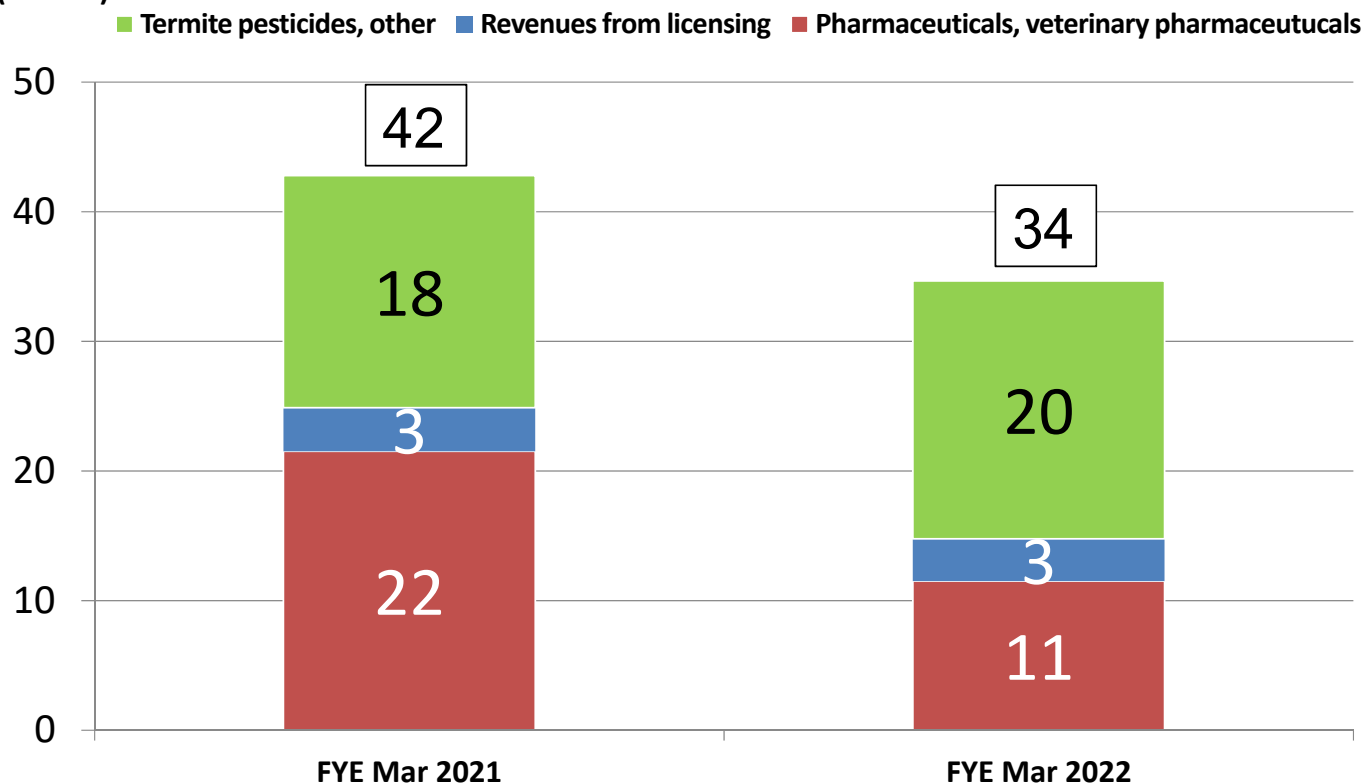
### Decrease in know-how technical fees



## Chemical Products (Non-agrochemical products)

### Sales of Pharmaceuticals, Animal Health Care products decreased

(¥100m)



# Major Earnings of Domestic Group Companies

(¥m/%)

		FYE Mar 2022	FYE Mar 2021	YoY	Growth %
Nihon Nohyaku	Net sales	47,151	43,110	4,040	9.4
	Operating Income	3,377	3,369	8	0.2
	Net profit	3,557	2,993	564	-
Nichino Service	Net sales	4,353	4,619	-266	-5.8
	Operating Income	193	150	42	28.5
	Net profit	131	94	36	38.7
Nichino Ryokka	Net sales	1,783	2,019	-236	-11.7
	Operating Income	50	95	-44	-46.9
	Net profit	32	62	-30	-48.0
Nihon Ecotech	Net sales	830	761	68	9.0
	Operating Income	30	26	3	13.7
	Net profit	23	23	0	1.8
AgriMart	Net sales	2,110	1,957	152	7.8
	Operating Income	226	207	18	9.0
	Net profit	145	133	12	9.1

# Major Earnings of Overseas Group

(¥m/%)

		FYE Mar	FYE Mar	YoY	Growth %
		2022	2021		
Nichino America	Net sales	10,175	8,744	1,430	16.4
	Operating Income	1,110	1,416	-306	-21.6
	Net profit	864	1,060	-196	-18.5
Taiwan Nihon Nohyaku	Net sales	550	579	-28	-5.0
	Operating Income	74	97	-23	-23.7
	Net profit	60	80	-20	-25.2
Nichino India	Net sales	11,002	8,843	2,158	24.4
	Operating Income	249	403	-154	-38.3
	Net profit	175	253	-77	-30.7
NichSipcam Nichino Brasil	Net sales	15,915	9,124	6,790	74.4
	Operating Income	1,113	427	685	160.4
	Net profit	267	-719	987	-
Nichino Europe	Net sales	5,646	5,572	73	1.3
	Operating Income	367	323	43	13.4
	Net profit	312	280	32	11.7

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### **III. FYE March 2023 Full Year Earnings Forecast**

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# FYE March 2023 Earnings Forecast

(¥100m/ %)

	FYE Mar 2023 Plan	FYE Mar 2022 Results	YoY	Growth %
Net Sales	913	819	93	11.5
Domestic Agrochemical Sales	229	198	31	15.5
Overseas Agrochemical Sales	609	550	59	10.7
Other agrochemicals	22	20	2	12.4
Chemical Products excluding agrochemicals	38	35	3	9.6
Other	15	16	-1	-8.7
Cost of Sales	637	562	74	13.3
Gross Profit	275	257	18	7.0
SG&A	207	191	16	8.6
Operating Income	69	66	2	3.9
Ordinary Income	62	58	4	7.5
Profit Attributable to Owners of Parent	45	45	-0	-0.1

# FYE March 2023 Earnings Forecast

**Net sales**                      **¥81.9 bn → ¥91.3 bn (+¥9.3 bn)**

**Operating income    ¥6.6 bn    →    ¥6.9 bn    (+¥0.2 bn)**

Expansion of overseas business	+¥0.9 bn
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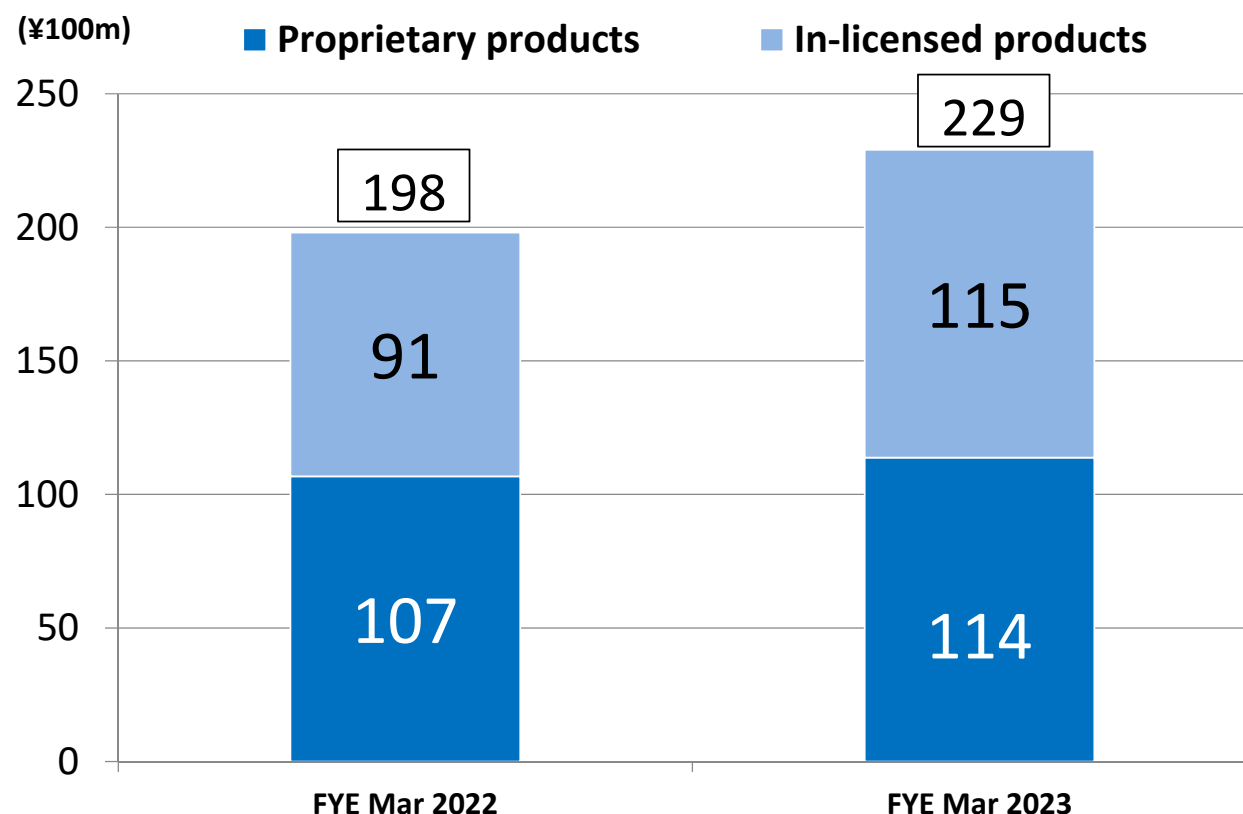
**Increase in domestic agrochemical sales** **+¥0.8 bn**

**Increased profit from chemical Products  
excluding agrochemicals** **+¥0.1 bn**

**SG&A expenses increase** **-¥1.6 bn**

## Agrochemicals (Domestic) -Composition of Net Sales

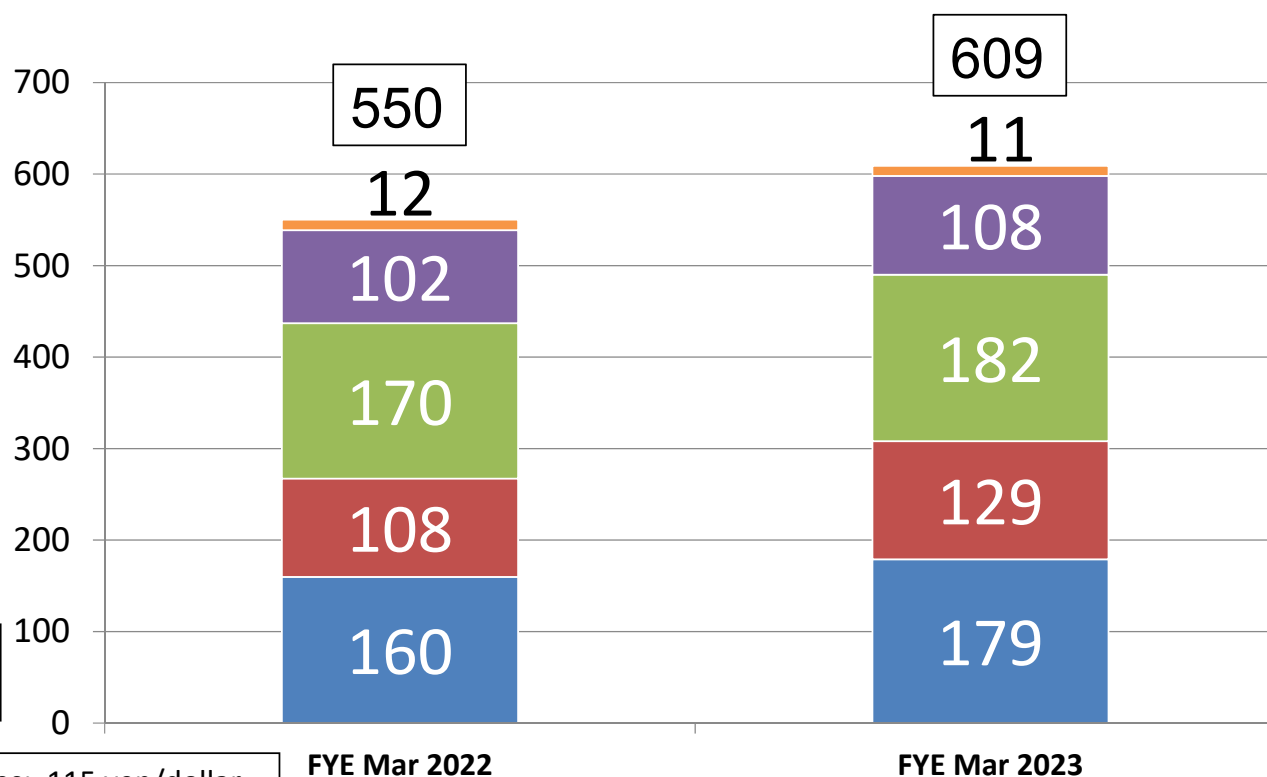
Sales growth on full-year contributions from the sale of Corteva products



# Agrochemicals (Overseas) - Net Sales by Region

## Increased sales in each region

(¥100m) ■ Asia ■ Europe ■ Latin America ■ North America ■ Other

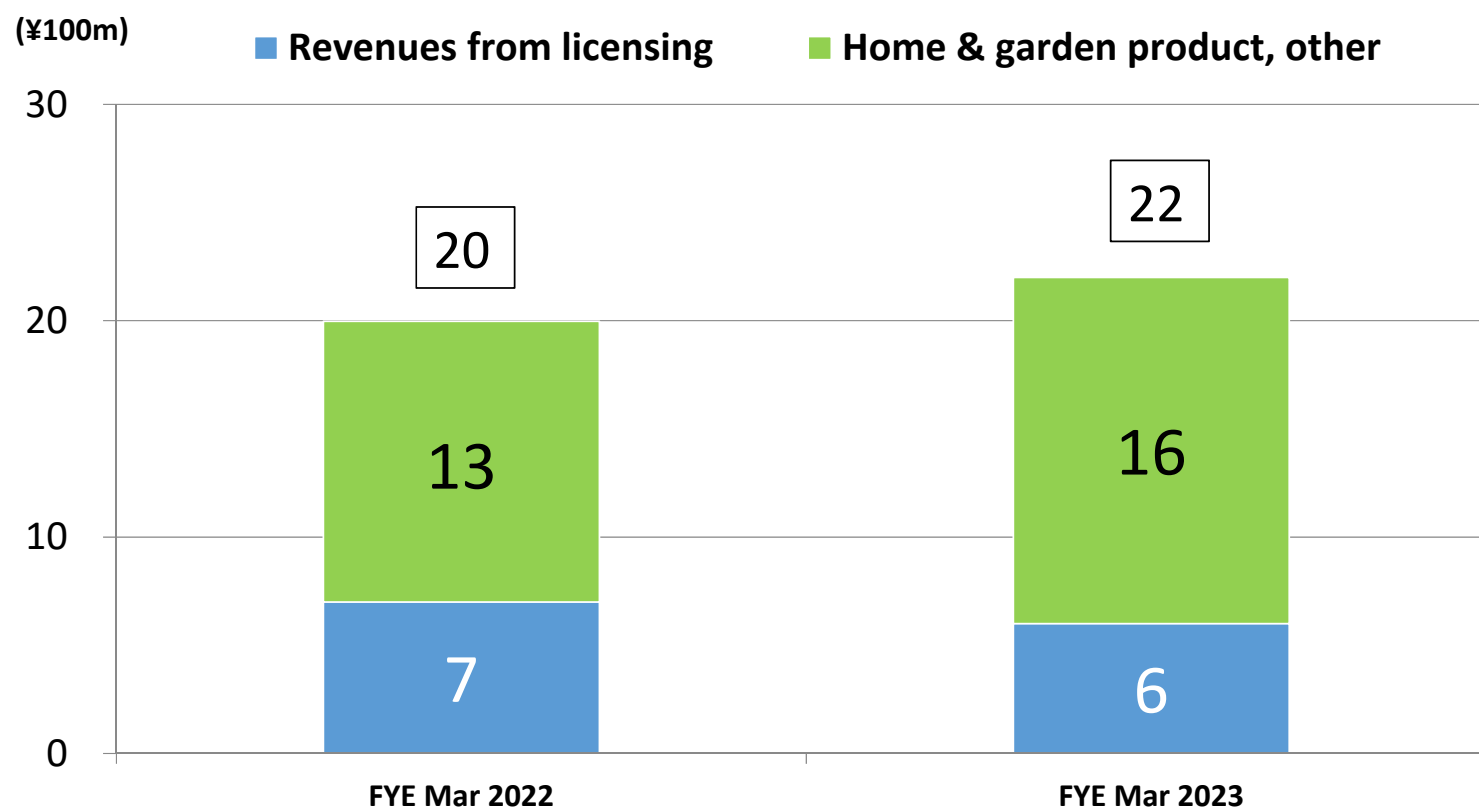


Assumed rate: ¥115/\$1  
¥125/euro

Planned foreign currency rates: 115 yen/dollar  
125 yen/euro

## Agrochemicals (Others)

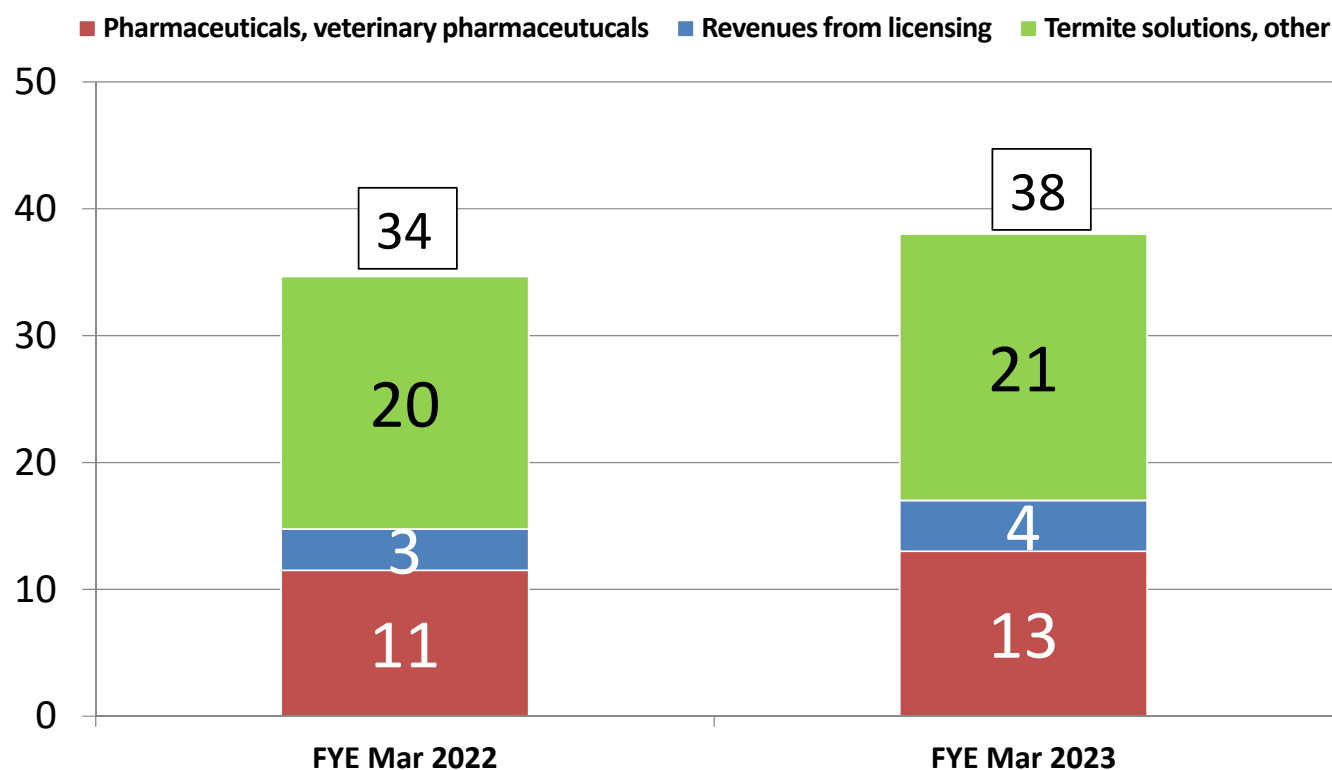
### Increased sales of horticultural agrochemicals



# Chemical Products (Non-agrochemical products)

## Increased sales of Pharmaceuticals, Animal Health Care products

(¥100m)



# Main Plans of Domestic Group Companies

(¥m/%)

		FYE Mar 2023	FYE Mar 2022		
		Plan	Results	YoY	Growth %
Nihon Nohyaku	Net sales	51,826	47,151	4,675	9.9
	Operating income	3,026	3,377	-351	-10.4
	Net profit	2,852	3,557	-704	-19.8
Nichino Service	Net sales	4,272	4,353	-81	-1.9
	Operating income	166	193	-27	-14.1
	Net profit	117	131	-13	-10.0
Nichino Ryokka	Net sales	1,972	1,783	189	10.6
	Operating income	16	50	-34	-66.9
	Net profit	7	32	-25	-77.4
Nihon Ecotech	Net sales	820	830	-10	-1.2
	Operating income	16	30	-14	-46.9
	Net profit	18	23	-5	-22.3
AgriMart	Net sales	2,215	2,110	104	4.9
	Operating income	201	226	-24	-10.9
	Net profit	127	145	-17	-12.2

# Main Plans of Overseas Group Companies

(¥m/%)

		FYE Mar 2023	FYE Mar 2022		
		Plan	Results	YoY	Growth %
Nichino America	Net sales	10,846	10,175	671	6.6
	Operating income	972	1,110	-137	-12.4
	Net profit	734	864	-129	-15.0
Taiwan Nihon Nohyaku	Net sales	494	550	-56	-10.2
	Operating income	49	74	-24	-33.1
	Net profit	41	60	-18	-30.6
Nichino India	Net sales	12,256	11,002	1,254	11.4
	Operating income	238	249	-10	-4.1
	Net profit	96	175	-78	-44.9
Sipcam Nichino Brasil	Net sales	16,490	15,915	574	3.6
	Operating income	1,551	1,113	438	39.4
	Net profit	344	267	76	-
Nichino Europe	Net sales	6,436	5,646	790	14.0
	Operating income	500	367	133	36.4
	Net profit	414	312	101	32.5

## Dividend plan

### Increase dividends by ¥1

			19.9	20.3	21.3	22.3	23.3E
Profit attributable to owners of parent		Million yen	2,684	1,477	4,344	4,502	4,500
Total dividends		Million yen	1,181	315	1,181	1,181	1,260
Dividends per share	Interim	Yen	7.5	—	7.5	7.5	8.0
	Year-end	Yen	7.5	4.0	7.5	7.5	8.0
	Total	Yen	15.0	4.0	15.0	15.0	16.0
Dividend payout ratio		%	44.0	21.3	27.2	26.2	28.0

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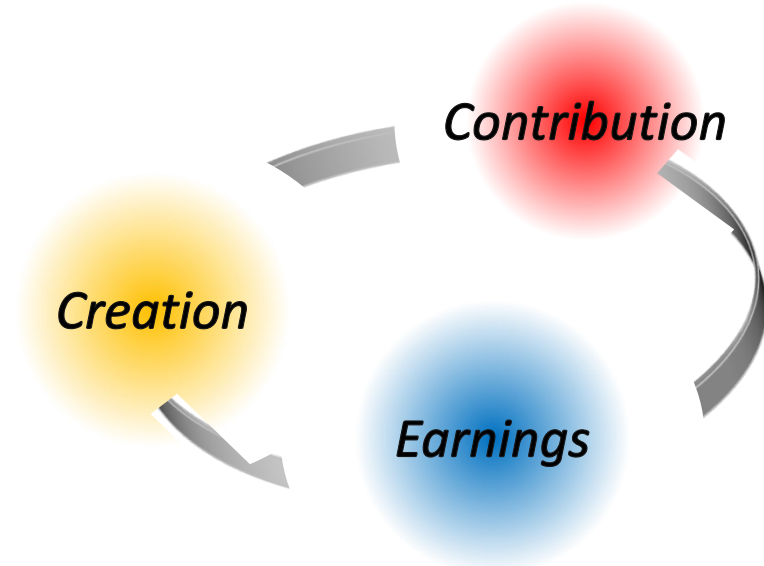
## **IV. Status of Mid-term Management Plan Initiatives**

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## Group Vision

*Nichino Group - Growing Global  
Global Innovator for Crop & Life*

- Supporting agricultural production and healthy lifestyles by providing advanced technologies that meet customer needs, such as new agrochemicals, pharmaceuticals, and animal health care products
- Contribute to a sustainable society by expanding products/services that contribute to SDGs (Eco-harmonized products, labor-saving technologies)



# Ideal State of Nichino Group

## Ideal State in 2030

<b>Corporate image</b>	Penetration of "Nichino brand and Nichino quality" globally through attractive new product technologies and CSR (SDGs) management
<b>Scale of business</b>	Operating margin of 10% or more Over ¥125 bn sales (Overseas sales ratio: 70%) Existing businesses ¥100 bn + New businesses ¥25 bn
<b>Sales force</b>	Domestic market share of 10% or more Expanding business from overseas bases to surrounding areas Establishment of new businesses
<b>R&amp;D</b>	Establishment of Life Science R&D bases in Japan and overseas
<b>Production</b>	Almost all in-house TG manufacturing functions Realization of production automation
<b>Human Resources and Governance</b>	Establishment of work styles regardless of place and time

Back  
Cast

## In the future

Recognized as a leading company in the life science field Major contributions to solving social issues and sustainable development
Operating margin of 15% or more Over ¥200 bn sales Existing businesses ¥150 bn + New businesses ¥50 bn
Within the global Top10 No.1 in Japan (as a agrochemical business) Pharmaceuticals, animal health care products, and new businesses are the pillars of earnings
Constantly developing agrochemicals and pharmaceuticals and animal health care products for global markets
Completion of TG manufacturing in-house Production of other life sciences products Cost competitiveness and unique technologies
Diverse human resources of the entire group work globally

## Mid-term Management Plan Slogan

### Ensuring Growing Global 2

Group KPI

Operating profit      Sales  
**¥6.4 Bil**      **¥89 Bil**

Divided payout ratio  
**30% or more**

Execute further  
growth strategy

**Target sales**  
**¥100 Bil**

Global  
expansion  
up until now

#### Reinforcement of business infrastructure

- Improve profitability
- Technological innovation and establishment of next-generation businesses
- Sustainable growth in corporate value



Global innovator for food and living

## Basic Policies for Mid-term Management Plan (3 Years)

### Profitability Improvement

- **Maximization of priority products**
- Strengthen domestic agrochemicals sales
- Cost reduction through optimal TG manufacturing system
- **Expand the synergy of the group companies**

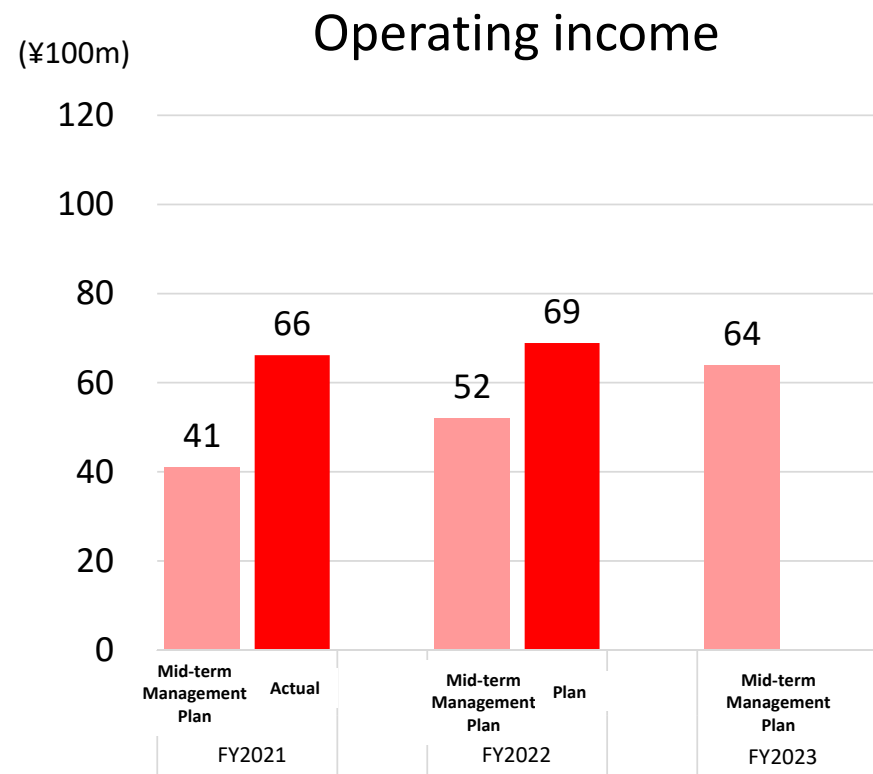
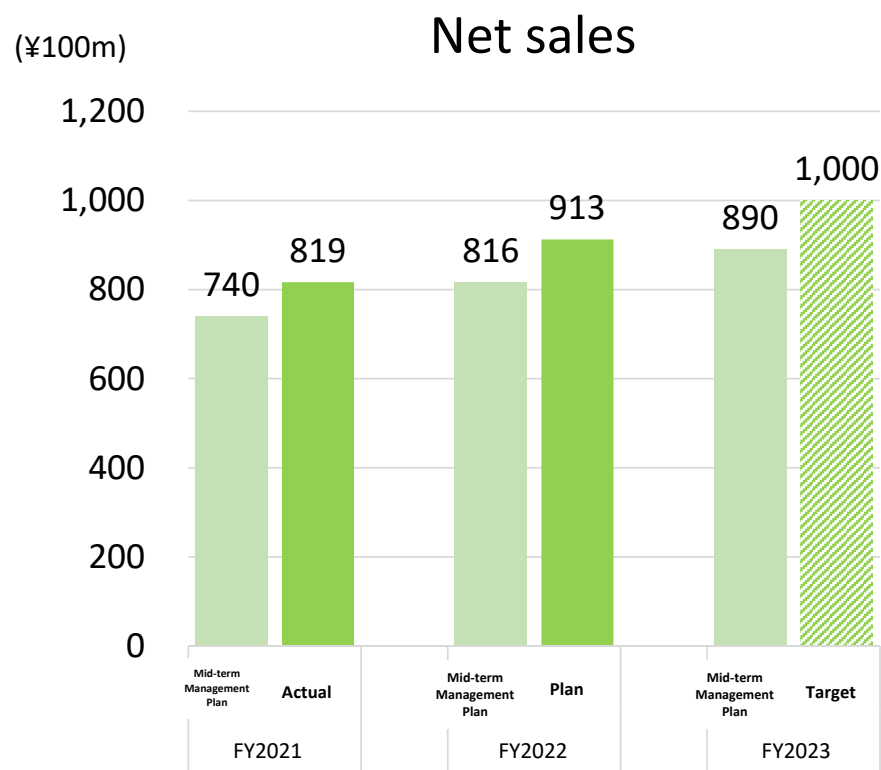
### Technological innovation and Establishment of next-generation businesses

- **Promote R&D and global expansion**
- **Expand into bio pesticides and crop protection materials sector**
- DX initiatives

### Sustainable growth in corporate value

- **Strengthen CSR activities and ESG management**
- Promote Business Reform and Work Style Reform

# Targets for Mid-term Management Plan (3 Years)



Net sales and operating income transitioning on pace to achieve plans one year ahead of schedule. For FY2023, we will aim to achieve our original goal of net sales of ¥100 billion

# Results from 1<sup>st</sup> Year of Mid-Term Management Plan (FY2021)

## ◆ Profitability Improvement

- Nichino Mexico (NMX): Launched business
- Corteva products: Launched domestic sales
- Benzpyrimoxan: Launched domestic sales, obtained registration in India, started construction of manufacturing facilities at Nichino India (NIN)
- Tolfenpyrad: Obtained Brazilian registration and launched sales, acquired NIN active ingredient manufacturing registration
- Pyrifluquinazon: Obtained registration in India
- AgriMart: Launched sales of new agent Nexus Z800

## ◆ Technological innovation and Establishment of next-generation businesses

- Shifted to development of new insecticide NNI-2101
- **Created in-house structure for promoting the adoption of bio pesticides and crop protection materials**
- **Launched sales of anti-frost material Frost Buster**
- **Progress of joint research with ADEKA**  
Smart Agriculture: Enhanced AI image diagnosis app functions, multilingual support  
Participated in the Niigata City Validation Project in a three-company collaboration DJI and NTT
- **AgriMart: Development progress on an AI image diagnosis system for disease-carrying pests**

## ◆ Sustainable growth in corporate value

**Full-scale launch of CSR activities (established basic human rights policy and basic procurement policy, declared support for TCFD, became a signatory of UNGC, started global adoption)**  
Adopted a new personnel evaluation system  
Global Strategic Project (GSP)  
DX promotion project

# Issues during 1<sup>st</sup> Year of Mid-Term Management Plan (FY2021)

## ◆ Profitability Improvement

Soaring prices of raw materials and intermediate materials, procurement instability, reflecting cost increases in prices  
Impact of COVID-19 on the pharmaceutical business Strengthening the group company functions  
Optimizing expenses (wages, personnel expenses, contracted trial expenses, etc.)

## ◆ Technological innovation and Establishment of next-generation businesses

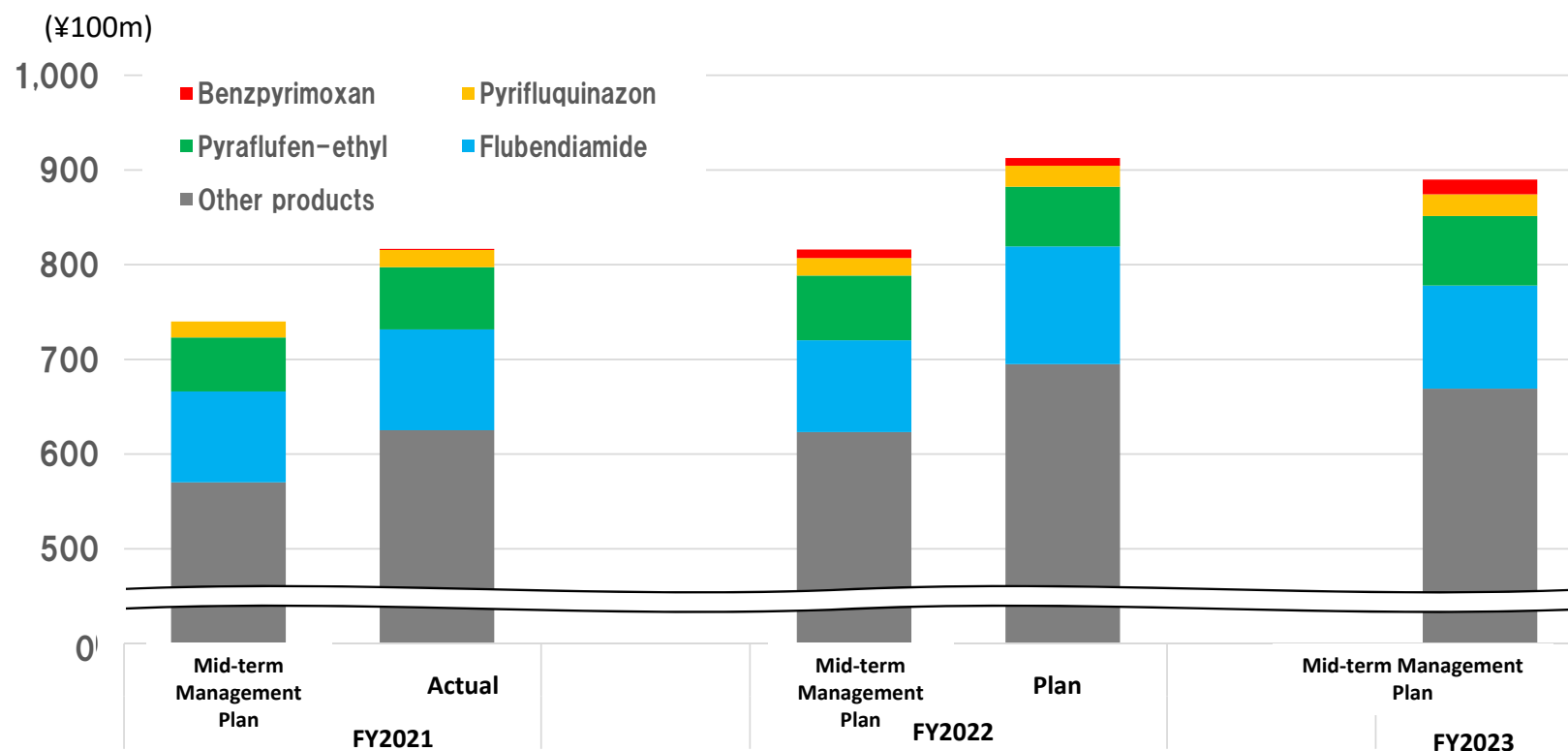
Impact of Green Food System Strategy (Japan)  
Stricter registration requirements  
Re-evaluation of registration in Japan  
EU Farm to Fork Strategy  
Establishing technology for bio pesticides and crop protection materials, and accelerated launch to market  
Promoting R&D targeting global expansion

## ◆ Sustainable growth in corporate value

Responding to corporate governance information disclosure  
Further stimulating human resource exchanges  
Further permeation of CSR (SDGs) management  
Next stage of business and workstyle reforms

# Profitability Improvement

## Expand 4 Major priority products (in-house development profit-generating products)

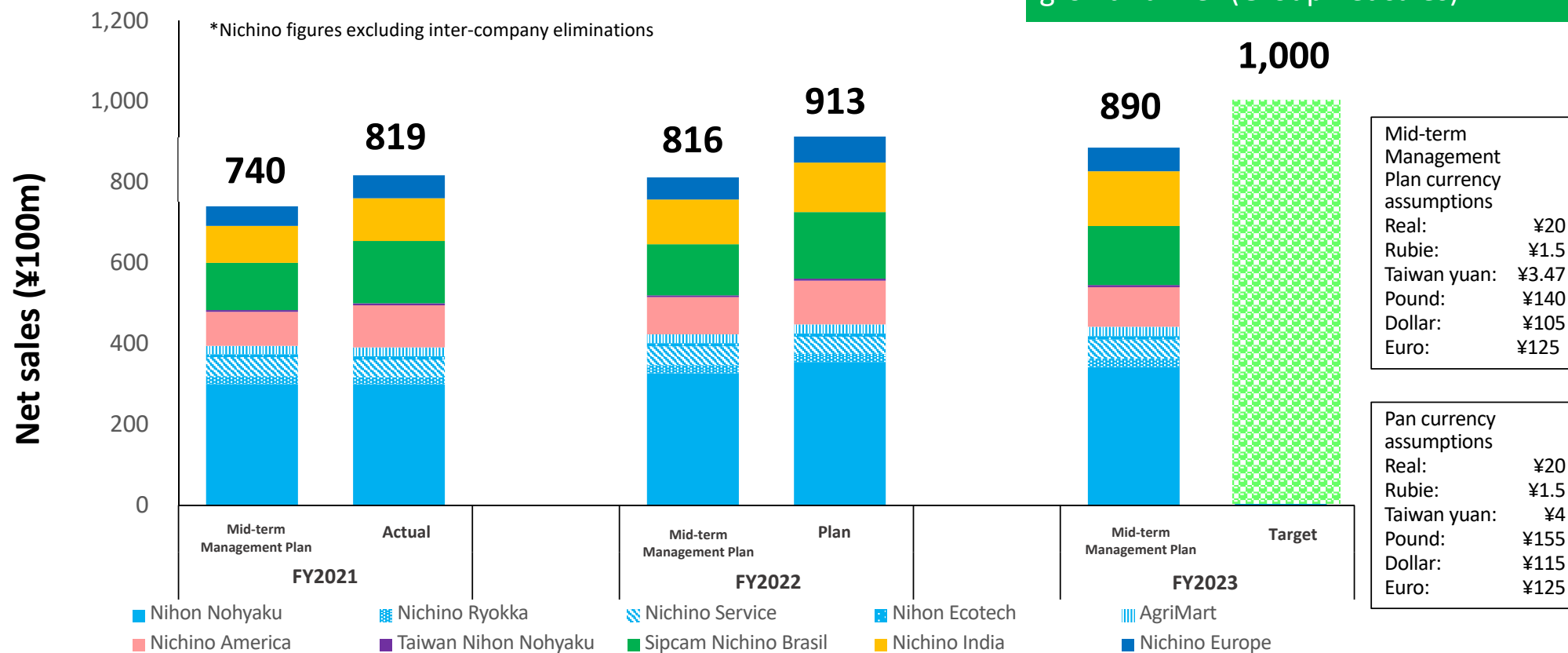


The net sales composition for major priority products was 17% in FY2021, and we will aim for 20% or higher in FY2023.

# Profitability Improvement

Expand the synergy of the group companies

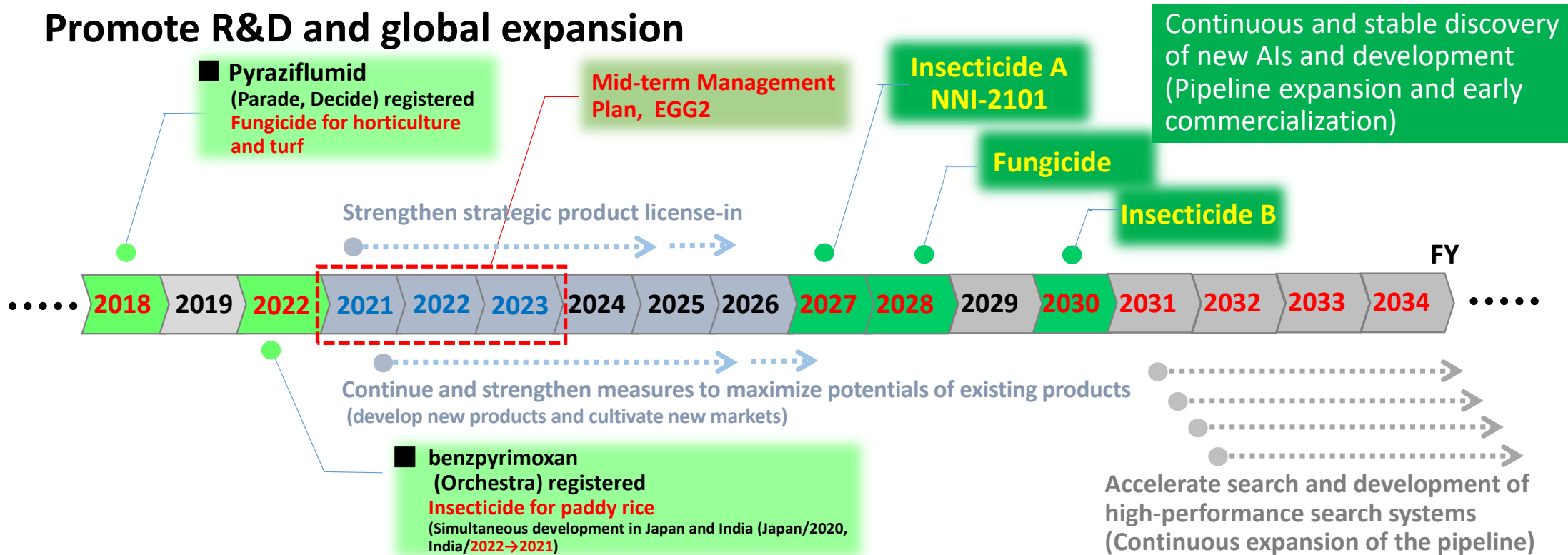
Make overseas Group companies and growth driver (Group net sales)



Expand business scope with Brazil and India as major strategic areas

# Technological Innovation and Establishment of Next-generation Businesses

## Promote R&D and global expansion



- Steady progress in expanding pipeline compounds amid increasing difficulty in discovery of new AIs
- Steadily commercialize new products through strategic R&D investment (approximately 10% of net sales)
- Strengthen global registration and development capabilities by strengthening group-wide collaboration

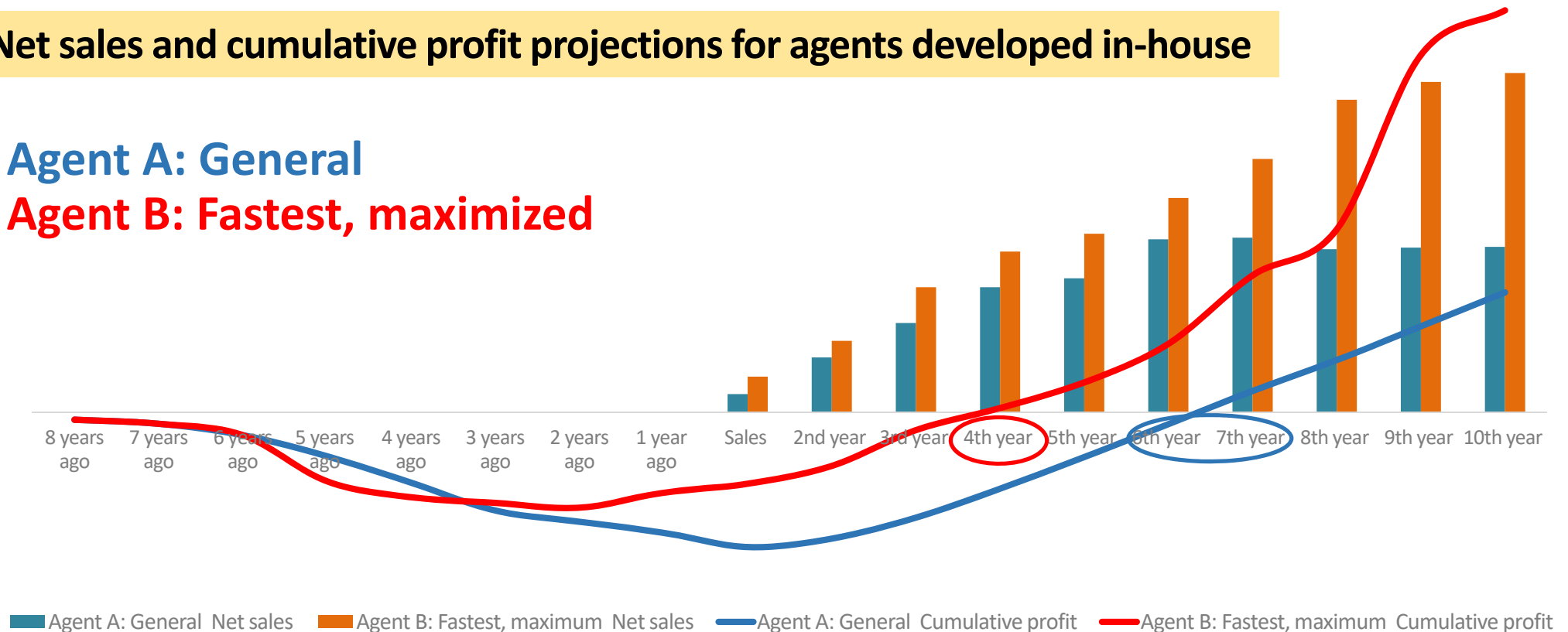
# Technological Innovation and Establishment of Next-generation Businesses

## Promote R&D and global expansion

### Net sales and cumulative profit projections for agents developed in-house

Agent A: General

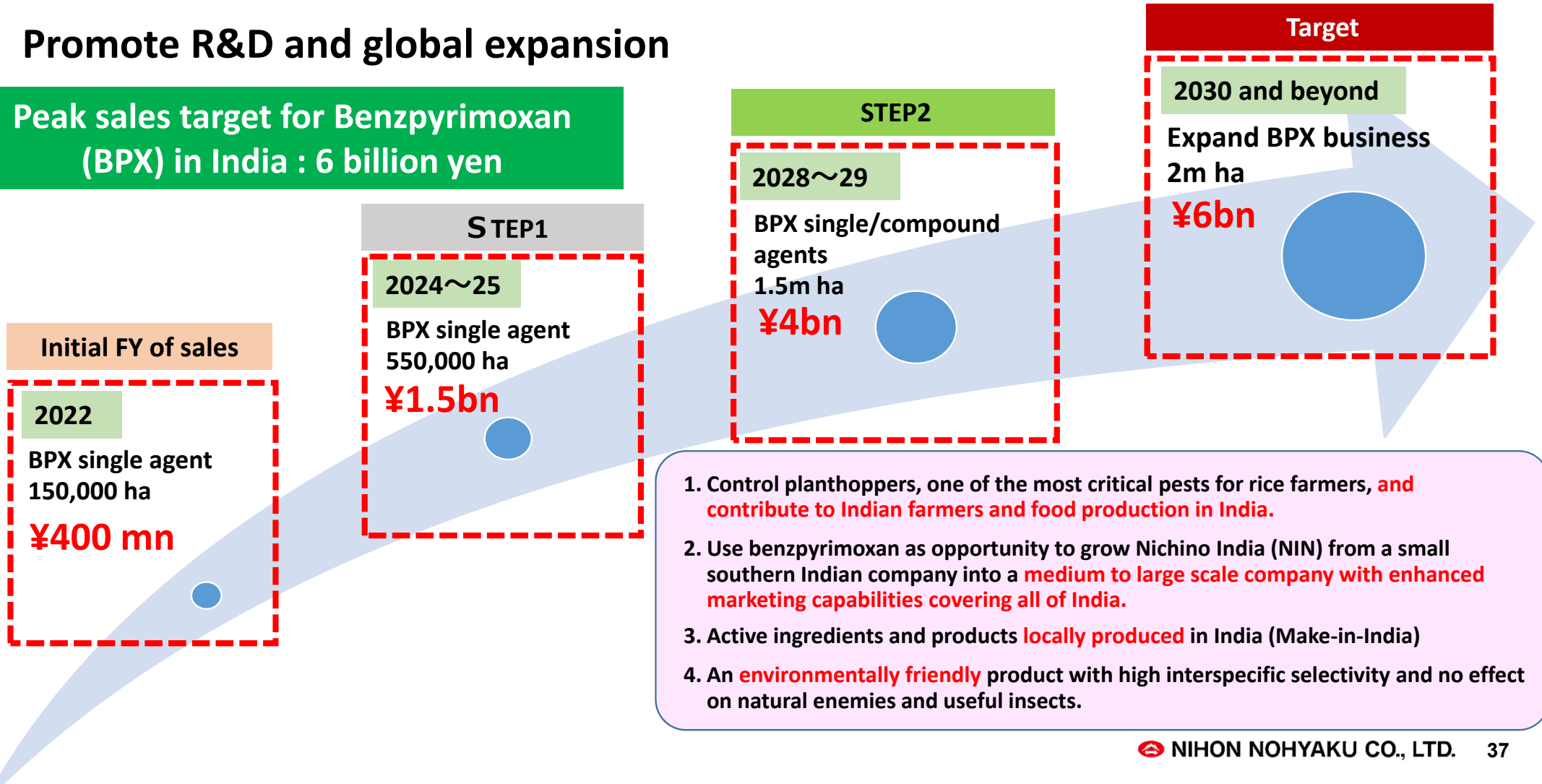
Agent B: Fastest, maximized



# Technological Innovation and Establishment of Next-generation Businesses

## Promote R&D and global expansion

Peak sales target for Benzpyrimoxan  
(BPX) in India : 6 billion yen





## Technological Innovation and Establishment of Next-generation Businesses

### Promote R&D and global expansion

#### New insecticide A NNI-2101

- Decided to develop for registration in September 2021
  - Aiming to acquire pesticide registration in Japan in FY2027
  - Peak sales: Expected to exceed 5 billion yen globally
1. As a growth engine for the global market, we will also **contribute to global food production**.
  2. An insecticide that is highly effective against difficult-to-control pests such as **lepidoptera and coleoptera**.
  3. Features a **novel action mechanism** and is also effective against insect pests that are resistant to existing agents.
  4. Features **penetrability** and can be applied to various labor-saving technologies.



## Technological Innovation and Establishment of Next-generation Businesses

### Promote R&D and global expansion

#### **Insecticide flubendiamide**

- Launched sales in Brazil in 2021, acquired registration in Argentina, Colombia, Philippines

#### **Insecticide pyrifluquinazon**

- Launched sales in Colombia in 2021, acquired registration in India, Algeria, Oman
- Registration inspections ongoing in Israel, Saudi Arabia, UAE, Taiwan
- Working to further expand the number of registered countries and regions

#### **insecticide tolfenpyrad**

- Launched sales in Brazil, Guatemala, Myanmar n 2021
- Acquired registration in Algeria, Oman, registration inspections ongoing in Tunisia, Saudi Arabia, and Vietnam

#### **Fungicide isoprothiolane**

- Working towards application in the banana domain in Latin America, the Philippines, etc.

# Technological Innovation and Establishment of Next-generation Businesses

## Expand into bio pesticides & crop protection materials

Expand life sciences business

Strategically expand business from existing businesses to **new areas and new technologies** and move them forward to commercialization step by step

		Life science field		
		[Areas of expertise] <b>Food (Agriculture)</b>	[Existing areas] <b>Health</b>	[New Fields] <b>Life</b>
Resources and technologies	[Core technologies] <b>Organic chemical synthesis</b>	Agrochemicals Animal health care products (livestock)	Pharmaceuticals	Animal health care products (pets)
	[New technologies] <b>Bioresources fermentation, natural products</b>	Bio pesticides Biostimulants High value-added crops	Health aids	Cosmetics, fragrances, environment purification
	[New technologies] <b>Service AI · ICT</b>	Smart Agriculture (AI Diagnosis by images) [Under development]		Image diagnosis for disease-carrying insects (AI Diagnosis by images) [Under development]

- Expansion as a Life Science Division of ADEKA Group
- Efforts to rapidly maximize synergies through business alliances

# Strengthen CSR Activities and ESG Management

## CSR priority issues and action plan (through 2023)

### S: Society

#### Expansion of human rights management (D&I and Human Resource Development)

- Establish Human Rights/Labor Practices Subcommittee (Formulation of Human Rights/Human Resources Policy: Declaration of Human Rights)
- 50% of female candidates selected for employment
- Percentage of female managerial staff 13%
- Achieve the mandated employment rate of persons with disabilities (2.3%)
- Increase the number of foreign researchers (3 people)

### S: Society

#### To develop technologies and products that meet the needs of society (Pursuit of Customer Satisfaction)

- Development of labor-saving products  
Acquired drone spraying registration (59 in total) and high density treatment (10 products),  
Application of lateral straps (5 drugs)
- Develop bio pesticides & crop protection materials  
Bio pesticide: ¥400 mn (consolidated), B/S: ¥300 mn (consolidated)
- Expansion of Smart Agriculture (application of AI diagnostic app: 20 crops)
- Global development of antifungal agents (3 projects)
- Commercialization of new business fields (1 project)  
B/S: Biostimulant

### E: Environment

#### Raising the level of environmental management (Environmental Conservation, RC Activities)

- CO2 emissions: -3.8% (compared to 2013)
- Energy conservation: -1% of energy consumption rate (5-year averages)
- Modal shift: 20% between business sites
- Consider introduction of environmental accounting (introduction of GMS)

### Overall: ESG in common

#### Expansion of compliance and risk management (Sustainability Management: BCP)

- Establishment of a global internal reporting system
- Consistency between overseas bases (India, Brazil, Taiwan)
- Strengthen BCP by business site (Large-scale disasters, infectious diseases, overseas crisis management, research/production infrastructure)
- Participation in the JCIA SDGs Network

### G: Governance

#### Strengthening Corporate and Organizational Governance (Corporate Governance, CSR Management)

- Overall enhancement of management of overseas affiliates (Supervision, Human Resources, General Affairs, Development, Research, Production)
- Visualization of CSR promotion system functions/activities (dissemination)
- Revitalization of the Governance Committee
- Adopt external evaluation of Board of Directors meeting effectiveness

### S: Society

#### Enhancing the tradition of safety (Occupational Safety and Health, Product Safety)

- Zero accident in labor/commuting fields
- Zero major facility accidents
- Acquire dust explosion data (TG: 70%, Intermediates 50%)
- Establishment of quality control/assurance system (zero product recall)
- Centralized global management of product SDS

### S: Society

#### Community involvement (Dialogue with Stakeholders)

- Strengthen branding strategy (15% awareness of company logo, 13% advertising contact)
- Expansion of site tours (50 per year: Research Center)
- Evaluate regional stimulation measures (Utilization of fallow land and efforts to address social issues)

**Red text: Numerical targets (NICHINO nonconsolidated)**

# Strengthen CSR Activities and ESG Management

(S: Society) To develop technologies and products that meet the needs of society

## [New initiatives (enhancing conventional measures)]

### • Proactive promotion of CSR/ESG management

- Embodiment of management policy/mid-term plan EGG2
- Efforts to achieve SDGs
- Respond to diverse social demands

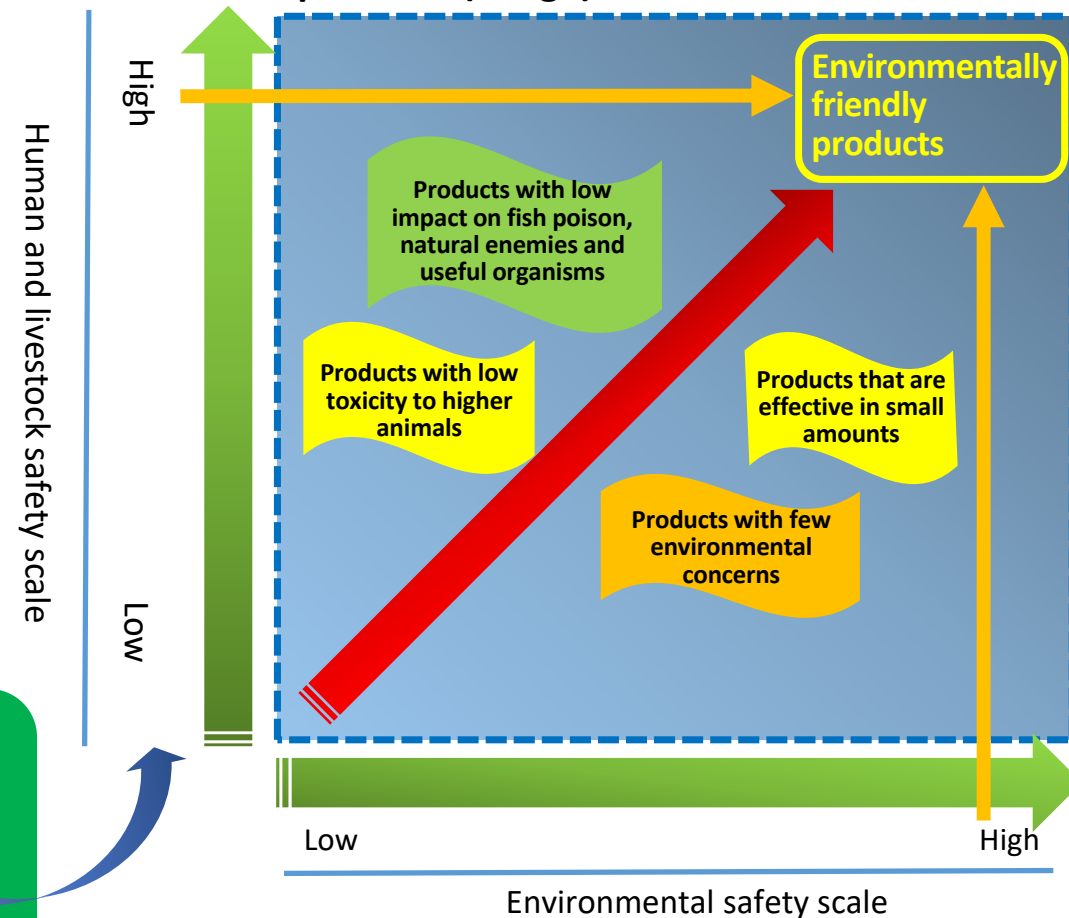
### • Respond to pesticide registration systems in each country

- Continuous tightening of registration requirements
- Respond by advancing scientific verification
- Efforts for environmental conservation (impact mitigation)

## Initiatives for environmentally friendly products

- Enhance consideration of environmental impact
- Set internal standards (clarify appealing points))
- Increase the sales ratio of these products (set KGI/KPI)

Figure Development of environmentally friendly products (image)

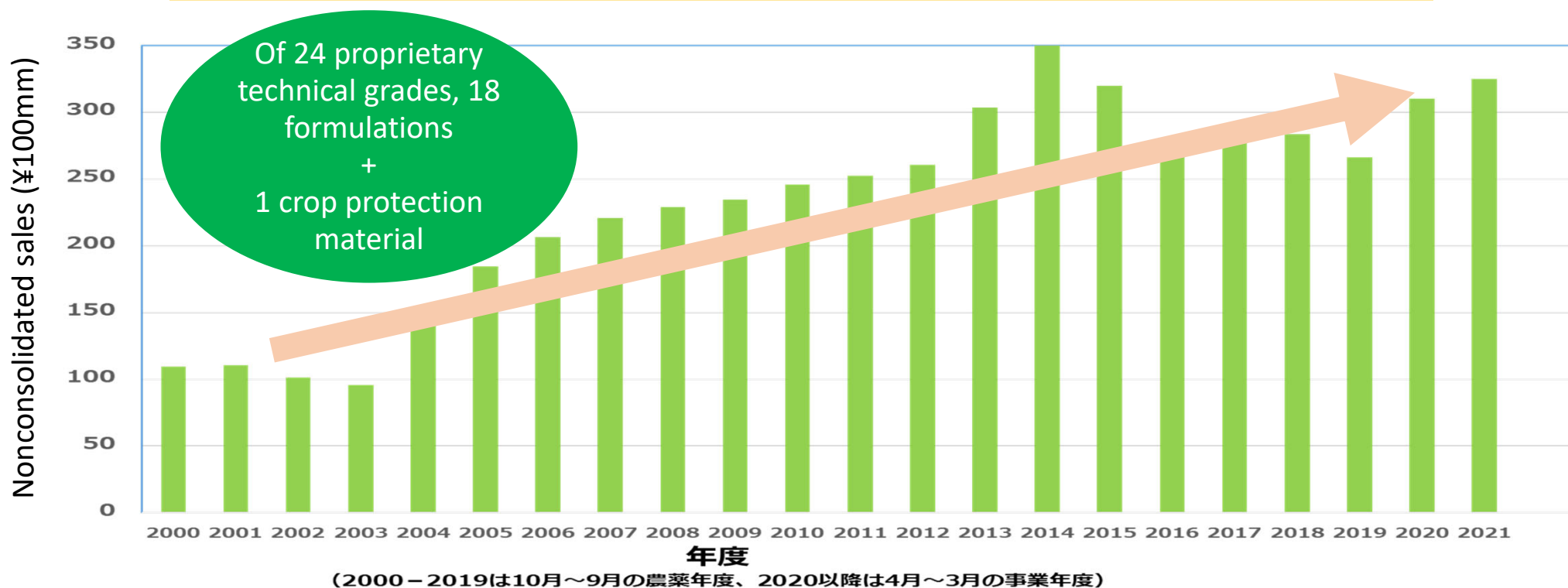


Environmental safety scale

# Strengthen CSR Activities and ESG Management

(S: Society) To develop technologies and products that meet the needs of society

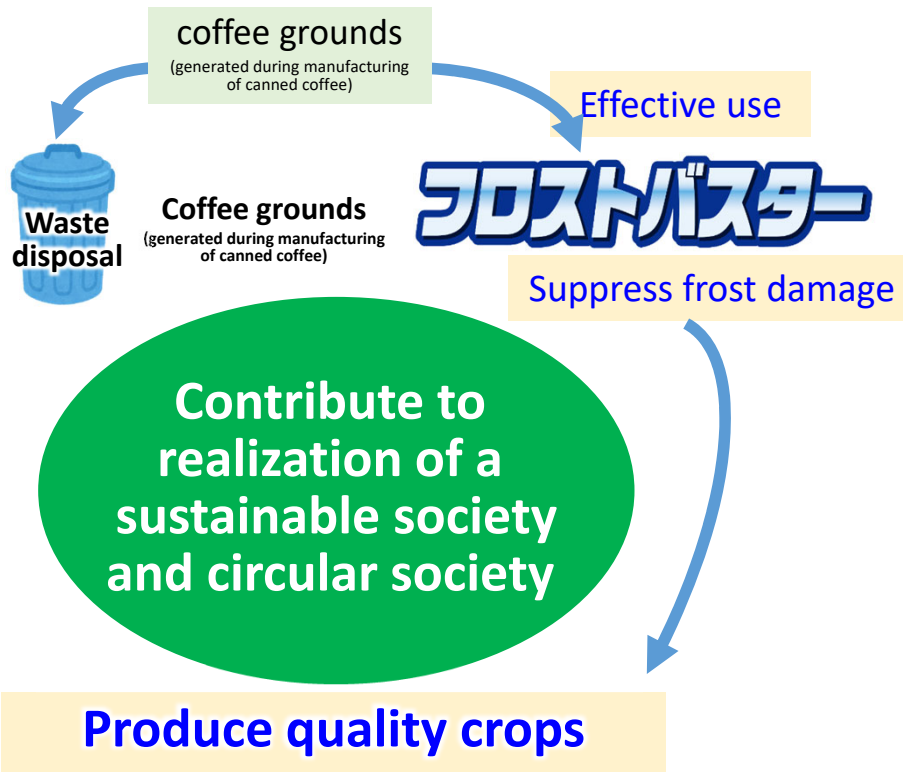
## Transitions in net sales of environmentally friendly products (image)



(Note) NICHINO nonconsolidated performance

# Strengthen CSR Activities and ESG Management

(S: Society) To develop technologies and products that meet the needs of society



"Frost Buster" is a collaboration between beverage manufacturer Asahi and Kansai University. This is a new anti-frost material jointly commercialized by the venture company KUREi.

The advertisement features a blue background with white snowflakes. At the top, it says **凍霜害のリスクを下げる コーヒー由来の天然抽出物** (Reduce the risk of frost damage with natural coffee extract). The product name **フロストバスター** is prominently displayed in large, stylized white letters with a blue outline. Below it, it says **低温予報の前日に散布!** (Spray on the day before a low temperature forecast!). A section titled **対象作物** (Target Crops) lists various fruits and tea: りんご (Apple), なし (Pear), もも (Peach), おうとう (Cherry), かき (Persimmon), and 茶 (Tea). Below this list, it says **その他果樹 (花芽が霜害対象のもの)** (Other fruit trees (flower buds are targets of frost damage)). On the right side, there is an image of a white bag of Frost Buster product.



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Smart Agriculture response: Develop and commercialize the smartphone app  
Leime AI Disease, Pest & Weed Analysis

## Current market reach

### Diagnosable crops

10 crops

-Paddy rice -Cabbage  
-Chinese cabbage -Lettuce -Broccoli  
-Green onion -Tomato -Strawberry  
-Cucumber -Eggplant

### Available diagnoses

More than

650

Total for AI and chart  
diagnoses

### Downloads

More than

60k

as of March 2022

### No. of diagnoses

90k

Per year

2021 results



## Future dissemination plans

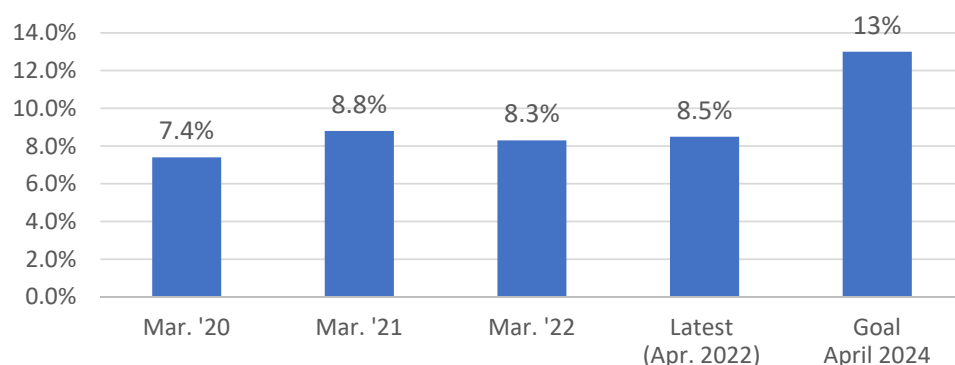
- Expand crops** ⇒ From 10 crops to 20 crops (apples, citrus, onions, potatoes, etc.) (March 2024)
- Enhance functions** ⇒ Multilingual support (English, Vietnamese, Hind, Traditional Chinese)  
Introduce social media functions, pesticide / pest weed search function (during FY2022)
- Collaborations** ⇒ Collaborate with 5 domestic agrochemical manufacturers, agricultural machinery, seeds and seedlings, retailers, and other industries
- Overseas markets** ⇒ Collaboration with Indian Embassy (use of drones, AI diagnosis by images)  
Plan to release in India, Vietnam, Taiwan, etc. (Autumn 2022)
- Other** ⇒ Release AI image diagnosis system for disease-carrying pests (April 2022)

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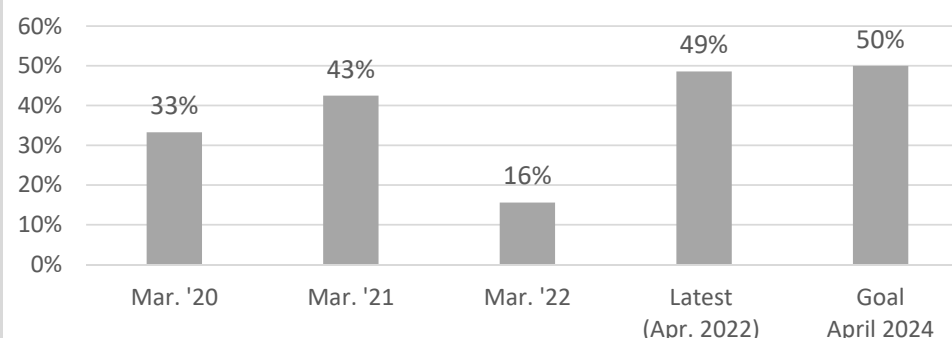
(S: Society) Society Expansion of human rights management

Steady progress based on D&I (Diversity & Inclusion) related KGI/KPI

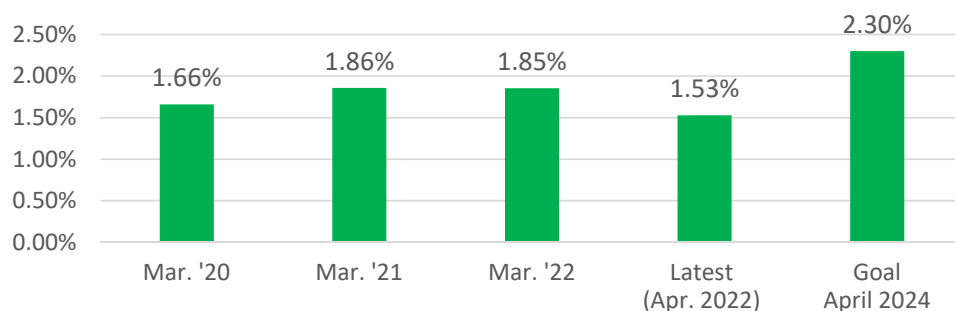
(1) Percentage of women in management positions



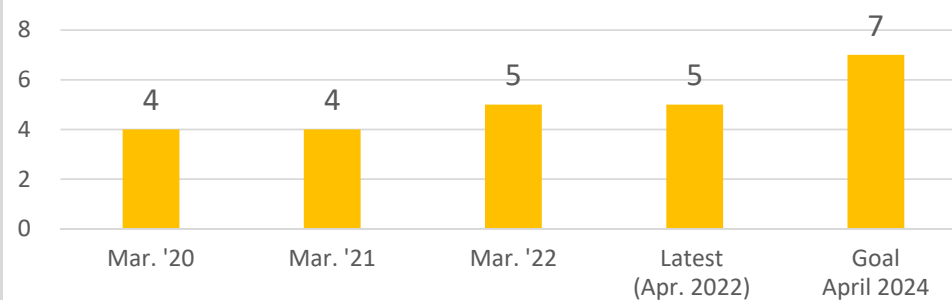
(2) Ratio of women selected as candidates for hiring



(3) Annual hiring rates for persons with disabilities



(4) No. of foreign workers



# Strengthen CSR Activities and ESG Management

## (E: Environment)

### Raising the level of environmental management

Endorsed TCFD\* Recommendations (February) and provided information disclosure (June)

\* Task Force on Climate-related Financial Disclosures

The business impact of climate change (assessment of risks and opportunities) High management importance due to the business characteristics of the Group

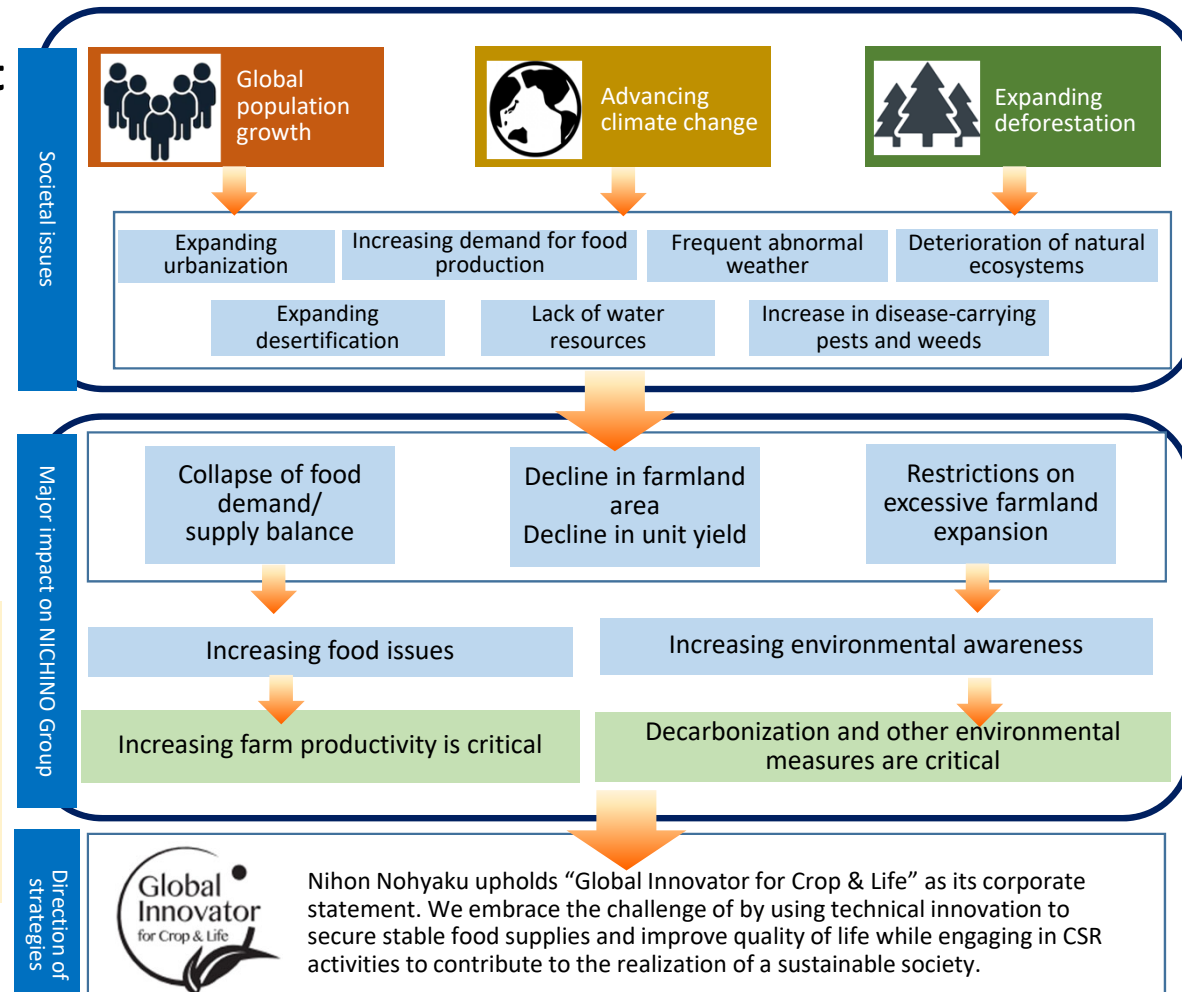
#### Basic philosophy

We contribute to society by securing safe and steady food supplies and improving the quality of life for all

#### Initiatives to resolve global common issues

Amid global population increase, analyze the need for stable food supply measures and the significance of the agrochemical business (improving agricultural productivity) from the perspective of sustainability with a focus on the direct and ancillary effects of climate change.

Work to minimize risks and maximize opportunities associated with climate change





# Strengthen CSR Activities and ESG Management

## (E: Environment)

### Raising the level of environmental management

Metrics and targets **Maintain and improve high carbon efficiency**

Group carbon efficiency

Top class in chemical industry

\* "Carbon efficiency" is a metric that expresses greenhouse gas (GHG) emissions as a separate data point.

Carbon efficiency decile classification	Chemical manufacturers (excerpt)
1	Nippon Paint HD, Kansai Paint, Shin-Etsu Polymer, Takiron C.I., Riken Technos, Nippon Kayaku, <b>Nihon Nohyaku</b>
2	Nippon Soda, Nissan Chemical, JSR, Teijin, ADEKA, Kumiai Chemical Industry
3	Toray, Air Water, NOF, Kaneka
4	Sumitomo Chemical, Mitsui Chemicals, Daicel, Kureha, Toagosei, Ishihara Sangyo
5	Mitsubishi Chemical HD, Kuraray, Stella Chemifa, Tayca
6	Showa Denko, Nippon Sanso HD, Denka, KH Neochem, Hokko Chemical Industry
7	Shin-Etsu Chemical, Tosoh, Rasa Industry
8	Tokuyama, OAT Agrio
9	Ube Industries
10	N/A

■ Source: JPX, S&P/JPX Carbon Efficient Index

<https://www.jpj.co.jp/markets/indices/carbon-efficient/index.html>

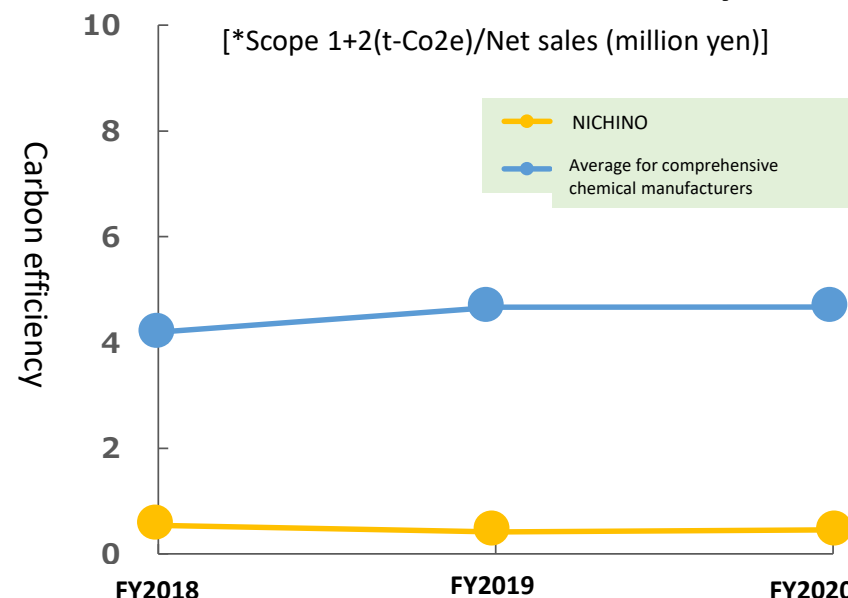
Created based on data as of March 22, 2022

Our group has achieved high carbon efficiency in the chemical industry through our history of efforts to reduce CO<sub>2</sub> emissions and the unique characteristics of our business.

We will continue working to achieve carbon neutrality as an industry leader in carbon efficiency.

### Transitions in carbon efficiency

[\*Scope 1+2(t-Co2e)/Net sales (million yen)]



# Strengthen CSR Activities and ESG Management

(E: Environment) Raising the level of environmental management

## GHG emission reduction policy

The Nihon Nohyaku Group\* is aiming to become carbon neutral

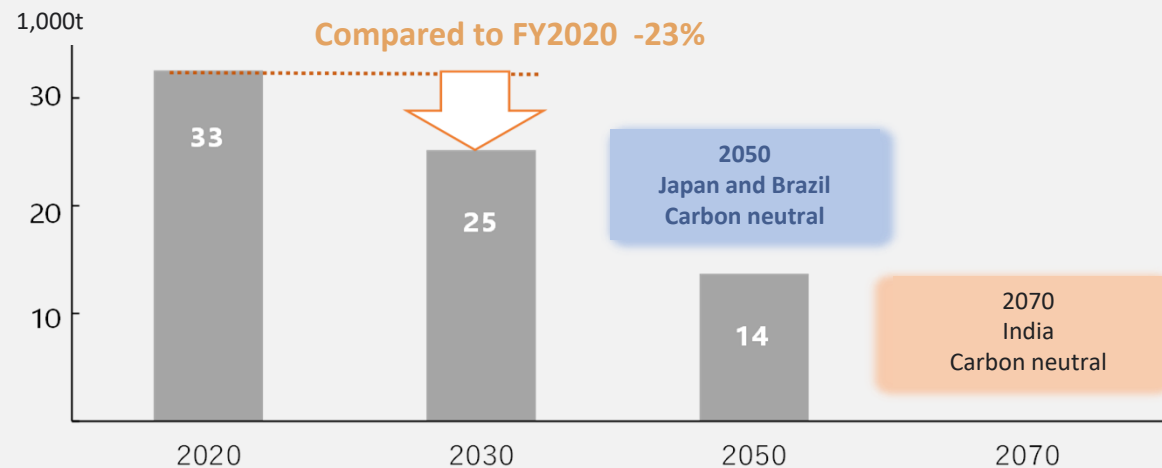
◆ Japan and Brazil: 2050

◆ India: 2070

(\* Nihon Nohyaku and Affiliated companies with manufacturing bases)

### Reduction of GHG emissions from operating activities

2030 target (Scope 1+2) **23%** reduction (compared to FY2020)



#### Energy

Proactive efforts to save energy  
Energy saving and efficiency improvement through innovative technology

Procure renewable energy, adopt and operate renewable energy equipment

#### Social contributions through business

Develop technology that contributes to GHG reduction

